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half of the cattle were slaughtered for meat by various armies.[33]

Shortly after the World War there was great demand for milk products in Germany and prices were high. It was possible to sell milk and milk products even of low quality, especially in the border districts of Germany. In 1924–25 the conditions began to change. Germany returned to the pre-war methods of tariff protection and adopted the policy of economic self-sufficiency. There were also greater supplies of milk products from other markets, such as Denmark and overseas, which caused a decrease in prices.

Private merchants, interested only in immediate profits and possessing no capital for long-term investments, were unable to improve the quality of milk products. That this quality was low can be deduced from the fact that the butter bought up from the farmers had been prepared in a variety of ways, mostly by primitive methods. The butter was then mixed and packed for export. Naturally, prices for such "mixtures," were low, but eventually it became impossible to sell the product even at low prices.

The government was anxious to help the farmers by improving milk products and increasing exports. The best way to do that seemed to be by coöperation, a method which in later years fully justified the expectations. Through the initiative of the coöperatives and with government subsidies, the quality of butter was improved so much that in 1936, of all the butter-exporting countries, only Denmark was able to get higher prices than Lithuania. Lithuania's position in this market shows even more creditable progress when we

[33] *Centraline Lietuvos Pieno Perdirbimo Bendrovių Sąjunga Pienocentras 1927–1936* (The Central Union of Dairy Coöperative Societies of Lithuania, Pienocentras, 1927–1936), p. 15.

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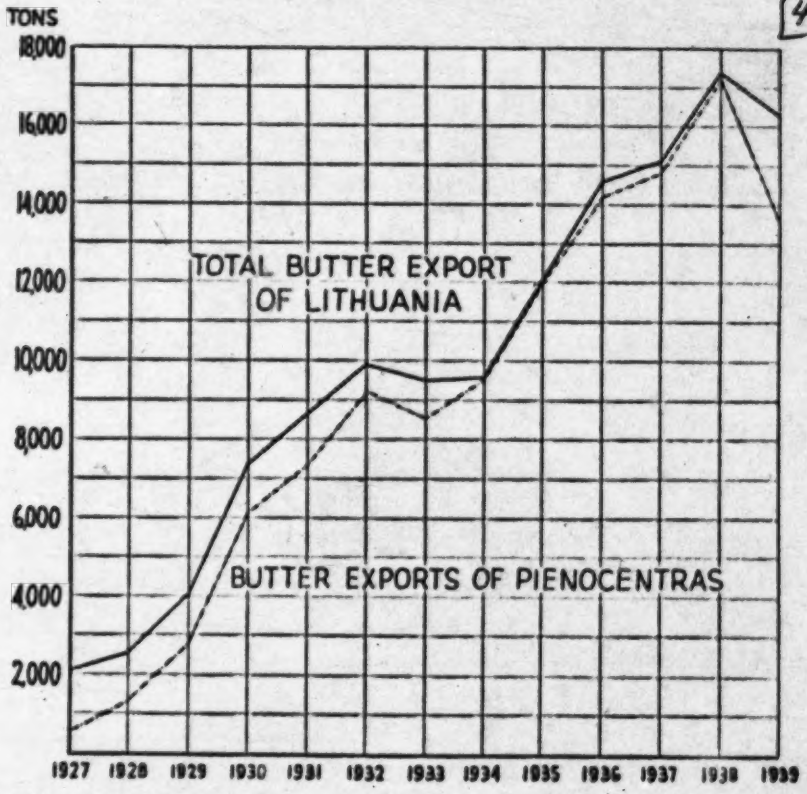
take into consideration the fact that Danish butter had been selling in London for decades and the English consumers had acquired a taste for it.[34]

The first to organize the dairies were the Central Union of the Agricultural Coöperatives of Lithuania (Lietukis) and the Coöperative Society (Gamintojas). In 1923 a separate dairying section was established at Lietukis. The Ministry of Agriculture subsidized the newly organized steam

CHART I

BUTTER EXPORTS OF LITHUANIA



[34] Krikscliunas, *op. cit.*, p. 96.

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dairies (using steam power equipment) to enable them to buy new machinery, granting the dairies twenty-five percent of the value of the machinery, the subsidy not to exceed 9,000 litas. Subsidies up to 1,500 litas were also given to hand dairies in the same percentage. The Ministry of Agriculture also provided loans on favorable terms for the construction of buildings for new dairies and from 1925 granted subsidies up to 5,000 litas for this purpose. In 1926 the dairying section of Lietukis was organized into a separate organization—the Central Union of Dairy Coöperative Societies of Lithuania, known by its trade name, Pienocentras. The growth of coöperative dairies is shown in Table 20.

TABLE 20

THE GROWTH OF COÖPERATIVE DAIRIES IN LITHUANIA[a]

YEAR	NUMBER OF DAIRIES	NUMBER OF SKIMMING STATIONS
1923	3	—
1924	61	—
1925	54	—
1927	153	151
1929	262	660
1931	273	1,610
1933	251	1,825
1935	209	1,771
1937	188	2,052
1938	185	2,105
1939	176	2,159

[a] *Centralinė Lietuvos Pieno Perdirbimo Bendrovių Sąjunga Pienocentras 1927–1936*, p. 21.

Ministry of Home Affairs	23.3	24.3	26.6	28.1	25.2	24.6	25.0	24.9	26.1	29.8
Ministry for Foreign Affairs ..	4.5	4.4	5.7	6.3	5.1	4.6	3.9	4.5	4.8	5.8
Ministry of Education	35.3	34.3	43.3	45.6	40.4	38.8	39.5	38.0	39.5	47.6
Ministry of Justice	9.8	9.9	11.2	10.7	10.0	9.4	10.2	10.4	11.3	12.4
State Control	1.2	1.2	1.3	1.3	1.1	1.1	1.0	1.1	1.1	1.1

The structure of State expenditure and its development since 1928 are show in the foregoing table. We see therefrom that until 1934 the Ministry of Communications held the first place in State outlays; then disbursements for purposes of national defence have advanced to the top in the last three years. The high share of expenses for purposes of communication - this amounted in 1931 to 21.5% and in 1937 to 20.0% - is to be ascribed to the heavy investment costs of the expansion of the railway network, road building, and expansion of Memel port.

Then follow outlays for agriculture. Their share reached its peak level in 1931, viz., 19.0%, and then declined to 15.6% in 1936 and 11.4% in 1937. Their high share in the pre-crisis period is due to prolific reclamation works. During the crisis approximately half the disbursements devolved upon relief measures for the purpose of improving the prices of grain and other agricultural products, about which we have already spoken more in detail in the chapter on the Home Trade (section on Development of Prices). With the amelioration of the economic situation, the subventions naturally decreased, which explains the reduction of the percentage share of 1937.

The expenditure of the Ministry of Education also represents a considerable proportion of the total. In 1937 both actually and in percentage it reached its peak level and exceeded the pre-crisis position. Its share in 1937 amounted to 15% in round figures against 13.6% in 1931.

The outlays of the Ministry of Finance during the last six years show a lower level than from 1928—1931; this is chiefly the result of the changes in the development of credit operations.

The remaining expenditures (State Council, Ministries of Home and Foreign Affairs, Justice, and State Control), in view of their State political character, are far more stable and therefore show no considerable variations.

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to the good, as such farms generally contribute nothing towards agricultural production and are far from being a social asset. There are no latifundia in Lithuania. The largest estate comprises about 1,000 hectares, and the larger properties exceeding 100 hectares number only 1602, or 0.56% of the total farms.

The proportion of men and women in the rural population is about equal. The country people do not go to the towns in search of work, as urban and country dwellers carry on different trades and their lives are quite separate.

An old barn.

The soil is of average fertility. In the east and south-east, there is a small area which is sandy and not very fertile, while, in the north again, a small area consists of very fertile land. The vast plains of Lithuania are covered with clay — more or less light — deposited during the Ice Age and subjected to centuries of erosion and impoverishment.

The rainfall is fairly heavy, so that much of this low-lying land necessitates drainage works. The State makes itself responsible for the large-scale regularisation of rivers and watercourses and the cutting of drainage channels. The farmers are responsible, with the help of Government subsidies, for ditching and drain-laying on water-logged land. By no means all of the land is satisfactorily drained. The yield cannot